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MAYOR JERRY SANDERS FACT SHEET

MAYOR ENCOURAGES COUNCIL APPROVAL OF PLAN FOR NEIGHBORHOOD-RELIEF FUNDS

FEDERAL GRANTS WILL FINANCE PURCHASE, REHABILITATION OF FORECLOSED HOMES IN SAN DIEGO

Mayor Jerry Sanders today urged the City Council to approve his plan for the use of \$9.4 million in federal grants to alleviate blight and spur rehabilitation in neighborhoods affected by the high incidence of housing foreclosure.

The Neighborhood Stabilization Funds are part of the Housing and Economic Recovery Act of 2008, passed by Congress in July to provide emergency assistance to state and local governments.

The mayor's plan, which was developed in collaboration with the San Diego Housing Commission, uses about 75 percent of the funding to finance the purchase of foreclosed homes by first-time homebuyers.

The San Diego Housing Commission will negotiate with lenders to make foreclosed single-family residences and condominiums in Council Districts 3, 4, 7 and 8 available at base prices at least 5 percent below appraised value. Under the plan, the lenders would then provide fixed-rate, 30-year amortized second mortgages at zero percent interest for between 17 and 27 percent of the buyer's final sales price, plus a closing costs grant for 3 percent of the final sales price.

The program would be eligible only to first-time home buyers whose household gross income is below 120 percent of the area median income. Homebuyers must also be in good credit standing and provide 3 percent of the final sales price as a down payment.

The remaining 25 percent of the funds will be used by the Housing Commission or a designated nonprofit partner to purchase, rehabilitate and rent out residential units in areas most affected by foreclosures. The rental housing would serve low-income residents – those with a household income of 50 percent of the area median income.

“Aside from the personal tragedy of losing one’s home, the mortgage crisis has also had a negative impact on our neighborhoods through the proliferation of abandoned, blighted homes,” Sanders said. “I’m confident this plan will go a long way toward rehabilitating and reoccupying neighborhoods that have been hit the hardest.”

According to the County Assessor-Recorder-Clerk’s office, the number of foreclosed upon properties in San Diego County is up 158 percent during the first 10 months of this year, compared to same period last year. More than 17,000 properties have been foreclosed upon in the San Diego region this year.

The City Council is expected to vote on the plan at today’s meeting.

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